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SUBJECT: DEPUTY SECRETARY CALLS ON VP ABDEL MEHDI FOR  
IMMEDIATE PROGRESS ON RECONCILIATION LEGISLATION

Classified By: Ambassador Ryan C. Crocker for reasons 1.4 (b) and (d).

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Summary  
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¶1. (C) Summary. The Deputy Secretary pressed Islamic Supreme Council of Iraq (ISCI) Vice President Adel Abdel Mehdi June 12 that Iraqis needed to make this the "last minute" in the effort to achieve progress on key reconciliation legislation. Abdel Mehdi replied that principles of the hydrocarbon law have been agreed upon. The law could be sent to the Council of Representatives next week if the Kurds ceased returning to the negotiating table with revisions to the draft text and were present for negotiation sessions. Abdel Mehdi agreed to meet the same evening with Kurdish representative Rowsch Shaways and DCM Daniel Speckhard to hammer out the details. On Provincial Elections and de-Baathification reform legislation, Abdel Mehdi said he believed agreement on the former was more likely in the short run. The Vice President explained efforts to form a new Government of Iraq (GOI) moderate front and assured the Deputy Secretary that Sunnis would not be excluded. Concerning Iranian intentions, the VP said that he believed Tehran was sincere in wanting to continue the trilateral talks, but that it was unlikely to stop supporting activities to encourage attacks on Coalition Forces in Iraq. End Summary.

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Hydrocarbons Legislation  
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¶2. (C) The Deputy Secretary pressed VP Abdel Mehdi for GOI progress on legislative benchmarks. Referring to progress on Hydrocarbons, Abdel Mehdi pointed to Ambassador, "every time we meet I think the language on Revenue Management is settled and then they - the Kurds - send over another revised draft." Abdel Mehdi explained that on the most recent Revenue Sharing draft the Kurdish side had come back with several points of contention on disbursement of surplus revenue, despite considerable concessions from the Shia alliance (UIA), such as on automatic transfers from the Central Bank to the Kurdish Regional Government (KRG). Abdel Mehdi complained that the Kurds need to work a little for Federal interests, rather than focus one-hundred-percent on their own regional interests. He also complained that KRG Representative Rowsch Shaways' absences from Baghdad prevented negotiations from proceeding.

¶3. (C) Ambassador raised USG frustration on Hydrocarbons progress, pointing out that we hear one thing from one side, and another thing from the other side. He asked Abdel Mehdi if it would be helpful to bring the parties together in one room with the US. The Vice President nodded, "Yes, it will help, the principles are already there, and you can play a positive role." As the meeting continued, EmbOff contacted

Shaways who agreed to meet with Abdel Mehdi and DCM at 8:00 p.m. that evening to hammer out an agreement.

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De-Baathification and Provincial Elections  
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¶4. (C) Abdel Mehdi briefed the Deputy Secretary on the status of Presidency Council deliberations on the draft de-Baathification reform law. "We continue to work... I thought we had something," said the VP, explaining that while he and Sunni Iraqi Islamic Party (IIP) Vice President Tariq al-Hashemi usually agree on most issues, "Tariq is influential but not in full control of the Sunni side." On Provincial Elections, however, said the VP, "this is something we can do," and pointed out that he and VP Hashemi agreed on the issue of including externally and internally displaced persons (IDPs).

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VP: Moderate Front Will Not Exclude Sunnis  
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¶5. (S) Vice President Abdel Mehdi raised the efforts of Prime Minister Maliki to build a moderate front GOI coalition bloc with the PM's Dawa Party, ISCI, PUK, and KDP. In response to the Deputy Secretary's concern that Sunnis would be excluded, Abdel Mehdi assured him that this would not be the case. However, the VP continued, the front was not to be a national unity government "in the sense that it includes all parties and cannot accomplish anything." The VP explained that the front as envisioned would include the three Presidents and the PM, representing the key Iraqi interests. The four leaders could then make decisions and develop strategies, and return to their respective blocs to build support for

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approval in Parliament. Abdel Mehdi characterized the idea as "practical and constitutional - we need to be inclusive but also effective." The VP indicated that IIP is in favor of the bloc and that the larger Sunni alliance, Tawafuq, accepted the principle of the PM plus the Presidency.

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Abdel Mehdi on Iranian Intentions  
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¶6. (S) The Deputy Secretary asked Abdel Mehdi for his assessment of Iranian intentions in Iraq. The Vice President, who visited Iran a month ago, said it was his impression that Iran wants to continue its dialogue with the US and that Iranian National Security Director Laranjani was hopeful the talks would lead to something positive. They say that they want to be helpful to Iraq, continued Abdel Mehdi, "however, I think they will continue attacking Americans in Iraq." As to whether they also targeted Iraqi Security Forces, the Vice President said "they do not discriminate."

¶7. (U) This message was cleared by the Deputy Secretary's staff.

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